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DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

Docket No. FCIC-12-0008

RIN 0563-AC38

Common Crop Insurance Regulations; Arizona-California Citrus Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) finalizes the Common Crop Insurance Regulations, Arizona-California Citrus Crop Insurance Provisions. The intended effect of this action is to provide policy changes and clarify existing policy provisions to better meet the needs of insured producers, and to reduce vulnerability to program fraud, waste, and abuse. The changes will be effective for the 2015 and succeeding crop years.

DATES: This rule is effective [insert date 30 days after this rule is published in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Tim Hoffmann, Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, Beacon Facility, Stop 0812, Room 421, P.O. Box 419205, Kansas City, MO, 64141-6205, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be not-significant for the purposes of Executive Order 12866 and, therefore, it has not been reviewed by the Office of Management and Budget.

Paperwork Reduction Act of 1995

Pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the collections of information in this rule have been approved by OMB under control number 0563-0053.

E-Government Act Compliance

FCIC is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Executive Order 13132

It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the States. The provisions contained in this rule will not have a substantial direct effect on States, or on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 13175

This rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this

regulation will not have substantial and direct effects on Tribal governments and will not have significant Tribal implications.

Regulatory Flexibility Act

FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. Program requirements for the Federal crop insurance program are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees and compute premium amounts, and all producers are required to submit a notice of loss and production information to determine the amount of an indemnity payment in the event of an insured cause of crop loss. Whether a producer has 10 acres or 1000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small entities, the Federal Crop Insurance Act authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure that small entities are given the same opportunities as large entities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have an impact on small entities, and, therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605).

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This final rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. With respect to any direct action taken by FCIC or action by FCIC directing the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11, or 7 CFR part 400, subpart J for determinations of good farming practices, as applicable, must be exhausted before any action against FCIC for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant economic impact on the quality of the human environment, health, or safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Background:

This rule finalizes changes to the Common Crop Insurance Regulations (7 CFR part 457), Arizona-California Citrus Crop Insurance Provisions that were published by FCIC on April 21, 2013, as a notice of proposed rulemaking in the Federal Register at 78 FR 17606 – 17611. The public was afforded 30 days to submit comments after the regulation was published in the Federal Register.

A total of 35 comments were received from 5 commenters. The commenters were insurance providers, an insurance service organization, and a grower organization.

The public comments received regarding the proposed rule and FCIC's responses to the comments are as follows:

General

Comment: In reference to the proposed addition of the term “agricultural commodity” to

replace the term “crop” in sections 1, 3, and 7, a few commenters questioned if it is appropriate to use the term “agricultural commodity” because it is a broader term that can be something other than a crop. The commenters stated that changing this term could change the meaning of the provisions where it is used. The commenters questioned if this proposed change leaves the door open to perennial “agricultural commodities” other than what has been understood as perennial “crops.” The commenters questioned if there is any reason the term “crop” cannot be used and what purpose is served by making this change.

Response: The reason for the proposed change is to provide consistency in terminology. The term “agricultural commodity” is a more precise term than “crop” because it is defined in the Basic Provisions, while “crop” is not. However, the term must be read in the context of the Crop Provisions, which clearly specifies that an interplanted agricultural commodity must be a perennial for the citrus fruit commodity to be insured. Further, the term “agricultural commodity” is defined in section 518 of the Federal Crop Insurance Act, which also limits the context in which the term is used. Therefore, while it could be interpreted slightly more expansive than “crop” it does not change the meaning of the provisions. No change has been made in the final rule.

Section 1 – Definitions

Comment: A few commenters stated the proposed addition of the definitions of “citrus fruit commodity,” “citrus fruit group,” and “commodity type” to replace the terms “crop” and “variety” and other related revisions are part of the Acreage Crop Reporting Streamlining Initiative (ACRSI) and are similar to what was done in the 2014 Florida Citrus Fruit proposed rule. Some of the concerns that were expressed in comments to the Florida Citrus Fruit proposed rule were addressed in the final rule responses, so these proposed changes are better understood this time around, though this is still a “work in progress.” The commenters stated the chart on

page 17608 of the Arizona-California Citrus proposed rule is helpful in showing the expected groupings of commodity types.

Response: FCIC appreciates the comment. Many of the comments that were received on the Florida Citrus Fruit proposed rule were considered when drafting the Arizona-California Citrus proposed rule. FCIC has made a concerted effort to address concerns and clarify the changes related to ACRSI.

Comment: A few commenters suggested adding the phrase “citrus fruit” prior to the term “commodity” in the two places the term appears in the definition of “commodity type.”

Response: FCIC agrees with the commenters’ suggestion because the proposed edit provides for consistency in terminology. The suggested changes have been made in the final rule.

Comment: A few commenters stated the definitions of the terms “graft,” “interstock,” “scion,” and “topwork” are proposed to be added because of the proposed provision in section 6(f)(2). The commenters stated it appears an “interstock” can be grafted to a “rootstock” while a bud or “scion” can be grafted to either an “interstock” or a “rootstock.” However, “topworking” (as defined) applies only to “scions” grafted onto “a pruned scaffold limb of an interstock” and apparently not to any scaffold limb or any other limbs of a “rootstock.” The commenters questioned if this is correct and if the definition of “topworking” needs to be clarified.

Response: FCIC agrees with the commenters that clarification needs to be made in the definition of “topwork.” Topwork can be done to any scaffold limb whether it is part of the interstock or the original rootstock. Therefore, FCIC has revised the definition of “topwork” in the final rule by removing the phrase, “of an interstock.”

Comment: A commenter stated that the definition of “dehorning” is proposed to be removed, but the term “dehorned” is still used in section 3(c)(1).

Response: FCIC agrees with the commenter that the definition of “dehorning” is still used in

section 3(c)(1). Therefore, the definition of “dehorning” has been retained in the final rule.

Comment: A few commenters stated the definition of “rootstock” is not defined, but perhaps corresponds to the term “trunk” used in the definition of “scaffold limb.” According to Merriam-Webster, “rootstock” is “1: a rhizomatous underground part of a plant; 2: a stock for grafting consisting of a root or a piece of root.” The commenters stated that neither of these definitions appear to be entirely correct for citrus trees where the grafting is unlikely to be done at the underground root level, although the meaning is generally understood for crop insurance purposes.

Response: FCIC agrees with the commenters that “rootstock” is not defined and that the meaning for crop insurance purposes is not the same as the definition from Merriam-Webster provided by the commenter. Although a definition of “rootstock” was not proposed to be added, FCIC believes a definition should be added to prevent confusion from a potential conflict between the meaning for crop insurance purposes and definitions from other sources. FCIC has revised section 1 in the final rule by adding a definition of “rootstock.”

Comment: A few commenters stated that “scaffold limb” is defined as “A major limb attached directly to the trunk.” The commenters questioned if this means no grafting is involved, does it mean that it is part of the original “rootstock,” or does the word “attached” imply that it also has been grafted onto the “rootstock,” as indicated by the reference in the definition of “topwork” to a “scaffold limb of an interstock.”

Response: A “scaffold limb” could be part of the original rootstock or part of an interstock. The term attached does not specifically mean it has been grafted, although it would include any major limbs that have been grafted onto the trunk. As stated in response to a prior comment, FCIC has revised the definition of “topwork” in the final rule by removing the phrase, “of an interstock.”

Section 2 – Unit Division

Comment: A commenter stated that the Basic Provisions references the “insured crop” and defines “insured crop” as the crop in the county for which coverage is available under your policy as shown on the application accepted by us. The commenter questioned if it would improve clarity if the definition of “insured crop” was expanded in the Crop Provisions to say, “In addition to section 1 of the Basic Provisions, the insured crop will be each citrus fruit group for which coverage is available under your policy as shown on the application accepted by us.”

Response: FCIC disagrees that the definition of “insured crop” should be further modified through the Crop Provisions. The proposed language in section 6 already states that “the insured crop will be all the acreage in the county of each citrus fruit group you elect to insure and for which a premium rate is provided by the actuarial documents.” Therefore, there is no need to repeat this in a definition. No change has been made in the final rule.

Comment: A commenter questioned whether optional units by commodity type can further be broken down by non-contiguous land.

Response: If the Special Provisions allows optional units by commodity type, the optional units may be established by commodity type in addition to or instead of by non-contiguous land provided all other requirements, such as separate production records, are met.

Comment: A few commenters stated the proposed revision of the second sentence of section 2(b) reads: “Optional units may be established by commodity type if allowed by the Special Provisions or if each optional unit is located on non-contiguous land, unless otherwise allowed by written agreement.” According to the explanation in the background section of proposed rule, the added phrase is intended to allow optional units by commodity type (if allowed by the Special Provisions) in addition to optional units by non-contiguous land or by written agreement. However, the commenters stated that as written, it could be taken to mean that except when

allowed by written agreement, optional units are allowed only by commodity type, with two “ifs” involved: either the commodity type is in the Special Provisions, or it is on non-contiguous land. The commenters suggested it might be clearer to subdivide (b): “Optional units may be established: (1) By commodity type, if allowed by the Special Provisions; (2) If each optional unit is located on non-contiguous land; and (3) As otherwise allowed by written agreement.”

Response: FCIC agrees that the proposed wording could be misinterpreted. Therefore, FCIC has revised the section 2(b) in the final rule to clarify that, unless otherwise allowed by written agreement, optional units may only be established if each optional unit meets one or more of the following: (1) the optional unit is located on non-contiguous land; and (2) in addition to or instead of establishing optional units by non-contiguous land, optional units may be established by commodity type if allowed by the Special Provisions.

Comment: A commenter stated the background section of the proposed rule states that adding optional units by commodity type if allowed by the Special Provisions “...will give FCIC the flexibility to allow optional units by commodity type for some citrus fruit commodities or citrus fruit groups where it may be appropriate, but not for others.” But according to the expected division into commodity types and citrus fruit groups provided, the only citrus fruit group that is subdivided into commodity types is Mandarins/Tangerines, with separate commodity types for Clementines, W. Murcott, and All Other. The commenter stated the other commodity types listed are each set up as a separate citrus fruit group and, therefore, qualify as separate basic units, including the Minneola and Orlando types of Tangelos. The commenter questioned what further subdivision might be considered that would require this “flexibility.”

Response: The commenter is correct that under the proposed restructuring of the citrus fruit crops (into citrus fruit commodities), the only resulting commodity types that would be eligible for optional units are the commodity types under the citrus fruit commodity

Mandarin/Tangerines. All of the other citrus fruit commodities are anticipated to only have one commodity type per citrus fruit group. For those citrus fruit groups containing only one commodity type, optional units by commodity type does not provide any additional benefit. However, while FCIC does not currently have plans to further subdivide or add new commodity types, it is possible commodity types could be further subdivided or added in the future. While it is not possible to predict what, if any, commodity types might be subdivided or added, allowing optional units by commodity type, only if allowed by the Special Provisions, allows FCIC the flexibility to identify some commodity types that are eligible for optional units and not others, as appropriate.

Section 3 – Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

Comment: A few commenters stated that the proposed revision to remove the specific years from the example in section 3(b) does not add any clarity and may actually be more confusing. The commenters suggested updating the provision with contemporary dates or removing the example altogether.

Response: FCIC agrees that an example containing actual crop years may be easier to understand than the proposed revisions. FCIC has revised the example in section 3(b) to include contemporary dates.

Comment: A few commenters stated that according to the background section of the proposed rule the definition of “dehorning” is proposed to be deleted because the term is no longer used. Therefore, the commenters stated that section 3(c)(1) needs to be revised since it currently begins: “The number of trees damaged, dehorned or removed...”

Response: As stated in a response to a previous comment, FCIC has retained the definition of “dehorning” in the final rule because it is still used in section 3(c)(1).

Comment: A few commenters recommended revising section 3(d) by removing the word

“such” prior to the phrase “situation listed in section 3(c).”

Response: FCIC agrees that the term “such” should be removed from the first sentence of section 3(d). The term is not necessary and its removal does not change the meaning of the provision. This change has been made in the final rule.

Section 6 – Insured Crop

Comment: A commenter stated the proposed amendment to section 6(f) provides an age requirement for topworked acreage, but does not specifically address grafted acreage. Producers are unsure of the age requirements for grafted acreage, specifically, at what age acreage is insurable after it has been grafted. Even though the term “graft” is used in the definition of topwork, it would be appropriate to clarify the age requirement for grafted acreage in section 6 of the Crop Provisions. The current age is the sixth growing season after acreage is set out, or the fifth growing season after topwork. The commenter suggested that if grafted acreage follows the same guidelines as topworked acreage, FCIC should include the following language in 6(f)(2) that is specific to grafting: “The fifth growing season after topwork or grafting.”

Response: FCIC agrees with the commenter that the proposed provision does not specifically address all grafted trees such as scion that may be grafted to rootstock shortly after set out. FCIC’s intention was to include grafted trees with topworked trees. However, as worded the proposed provision only includes trees that have grafting done to scaffold limbs. FCIC has revised section 6(f)(2) in the final rule to incorporate the suggested language with the caveat that the provision only applies if topwork or grafting occurs after set out. If topwork or grafting occurs prior to set or does not occur after set out, the timeframe for when insurability will be based upon when the trees were set out. Additionally, FCIC has revised section 6(f) to eliminate redundant language.

Comment: A commenter asked why underage citrus (grown on trees that have not reached

the sixth growing season after being set out, or the fifth growing season after topwork) requires a written agreement to be insured, rather than a Regional Office Determined Yield as is the case with other California crops (e.g. stonefruit, grapes, almonds, etc.).

Response: FCIC strives to maintain some degree of consistency between the various crop insurance programs. However, due to the inherent differences among the crops insured by FCIC it is not possible for all crops to operate under the same set of rules, which is why there are different policies for different crops. One major difference between citrus and many of the other perennial crops insured in California, such as stonefruit, grapes, and almonds, is that citrus trees are less tolerant of freezing temperatures. Young citrus trees are especially susceptible to freeze injury. Fruit yields from young citrus trees damaged by freeze are often affected for multiple growing seasons. Requiring written agreements for Arizona-California Citrus allows policies to be processed prior to the period of risk for freeze, which protects against adverse selection.

Section 8 – Insurance Period

Comment: A few commenters stated the proposed language in section 8(a)(2)(i)(B) is to clarify which counties are considered “Southern California” for purposes of determining the calendar date for the end of the insurance period for lemons, by listing the counties: “Southern California lemons (Imperial, Orange, Riverside, San Bernardino, San Diego, and Ventura Counties).” The commenters stated that maybe no one will read this as meaning “Southern California lemons” is a separate citrus fruit commodity that will be identified as such in the actuarial documents, but as an alternative, perhaps consider stating “Lemons in the Southern California counties of Imperial, ...” The commenters stated that if this change is made, section 8(a)(2)(iii) might need to be revised to “July 31 for lemons in counties outside Southern California, and all other citrus fruit commodities.”

Response: FCIC agrees with the commenter that the proposed language could be

misinterpreted to mean that “Southern California Lemons” is the name of a separate citrus fruit commodity. Therefore, FCIC has made the suggested revisions to section 8(a)(2).

Comment: A commenter recommended that San Diego and Ventura counties be separated from the proposed list of “Southern California” counties and put with San Luis Obispo County into a “Coastal Counties” group with a separate insurance period. According to the commenter, these Coastal counties produce lemons that bloom up to three times per year due to their moderate growing temperatures, so the insurance period should be extended to December of the year following bloom. This may not be enough time to allow the grower to harvest all three bloom periods, but it would at least extend the insurance period out to allow for the first bloom that occurs in the spring of the crop year.

Response: The changes suggested by the commenter were not included in the proposed rule and the comment does not address a conflict or vulnerability. Therefore, FCIC cannot consider the requested change because the public was not given the opportunity to comment. No change has been made in the final rule. However, FCIC has noted the concerns of the commenter and will consider this change the next time the Crop Provisions are revised.

Comment: A commenter stated the California citrus industry recognizes the value of crop insurance with more than 90 percent of the acreage insured through the crop insurance program, of which 49 percent of the acreage is covered through “buy-up” policies. The addition of the quarantine endorsement for “buy-up” policies is very valuable to the citrus industry. The commenter suggested revising section 8(b) of the Crop Provisions to clarify that if a policy has a quarantine endorsement that the crop is covered against the loss of production due to the inability to market the citrus due to quarantine. The commenter stated that the way it is currently written, it doesn't acknowledge policies with the endorsement.

Response: FCIC appreciates the commenter's support for the Arizona-California Crop

Insurance program and the Quarantine Endorsement. However, the changes suggested by the commenter were not included in the proposed rule and the comment does not address a program conflict or vulnerability. Therefore, FCIC cannot consider the requested change because the public was not given the opportunity to comment. No change has been made in the final rule.

Comment: A commenter recommended including the language from the “Insurance Period” section 9(d)(3)(i)-(iii) of the 2012 ARH Citrus Pilot Crop Provisions [“If you anticipate destroying the trees on any acreage prior to harvest...”] in the AZ-CA Citrus Crop Provisions. The commenter stated this would allow both policies to be treated the same, eliminating potential confusion for insurance providers, agents, and policyholders. The policy has a 15-month insurance period with 13 of those months remaining after the acreage reporting date. The commenter stated this change will allow policyholders to make farming decisions based on the best interest of their farming operations and not on the language in their crop insurance policy.

Response: The changes suggested by the commenter were not included in the proposed rule and the comment does not address a conflict or vulnerability. Therefore, FCIC cannot consider the requested change because the public was not given the opportunity to comment. No change has been made in the final rule.

Section 10 – Duties in the Event of Damage or Loss

Comment: A commenter stated the proposed addition of section 10(a) states that “In accordance with the requirements of section 14 of the Basic Provisions, you must leave representative samples in accordance with our procedures.” The commenter stated that the explanation was given that this requirement applies only if specified in the Crop Provisions. However, the commenter stated that this seems unwarranted without more detail either in the Crop Provisions or in the referenced “procedures.” For example, there does not appear to be any other reference to “representative samples” in the proposed Crop Provisions, unless maybe it is

part of 10(b)(2) notification requirement to allow the insurance provider to do an inspection. Therefore, the commenter questioned when this might be needed. The commenter stated section 14(c)(3) of the Basic Provisions requires that the samples “must be 10 feet wide and extend the entire length of the rows, if the crop is planted in rows, or if the crop is not planted in rows, the longest dimension of the field.” The commenter asked if these dimensions work for citrus grown on trees, or should there be specific requirements for this or anything else in this regard added in the Crop Provisions.

Response: In accordance with section 14(c)(1) of the Common Crop Insurance Policy Basic Provisions, section 10(b)(2) is the notice that policyholders are required to leave representative samples of the unharvested crop intact. Because policyholders are not provided FCIC procedures as part of their policy, FCIC has revised the proposed language in section 10(a) to state that representative samples must be left. FCIC has also added provisions that clarify that the insurance provider will notify the policyholder of which trees must remain unharvested as the representative sample and inspected in accordance with FCIC procedures. FCIC procedures will specify the criteria for identifying trees that should be selected for obtaining representative samples.

In addition to the changes described above, FCIC has made minor editorial changes.

List of Subjects in 7 CFR Part 457

Crop insurance, Arizona-California citrus, Reporting and recordkeeping requirements.

Final Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation amends 7 CFR part 457 effective for the 2015 and succeeding crop years as follows:

PART 457 - COMMON CROP INSURANCE REGULATIONS

1. The authority citation for 7 CFR Part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(l), 1506(o).

2. Amend § 457.121 as follows:

- a. In the introductory text by removing “2000” and adding “2015” in its place;
- b. By removing the undesignated paragraph immediately preceding section 1;
- c. In section 1:
 - i. By revising the definition of “carton”;
 - ii. By removing the definitions of “crop” and “variety”;
 - iii. By adding in alphabetical order the definitions of “citrus fruit commodity,” “citrus fruit group,” “commodity type,” “graft,” “interstock,” “rootstock,” “scion,” and “topwork”;
 - iv. In the definition of “crop year” by removing the term “citrus” and adding the term “insured” in its place;
 - v. In the definition of “direct marketing” by adding the term “insured” directly preceding the term “crop” in the second sentence; and
 - vi. In the definition of “interplanted” by removing the term “crops” and adding the term “agricultural commodities” in its place;
- d. Revise section 2;
- e. In section 3:
 - i. By revising paragraph (a);
 - ii. In paragraph (b) by removing the number “1998” and adding the number “2015” in its place and by removing the number “1996” and adding the number “2013” in its place;
 - iii. In paragraph (c) introductory text by removing the phrase “(Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities)” and by adding the term “commodity” directly preceding the term “type”;
 - iv. In paragraph (c)(4) by removing the phrase “crop, and anytime” and adding the phrase

“agricultural commodity and any time” in its place;

v. In paragraph (c)(4)(i) by removing the phrase “crop, and type” and adding the phrase “agricultural commodity and commodity type” in its place;

vi. By designating the undesignated paragraph following paragraph (c)(4)(iii) as paragraph (d); and

vii. By revising the newly designated paragraph (d);

f. In section 4 by removing the phrase “(Contract Changes)”;

g. In section 5 by removing the phrase “(Life of Policy, Cancellation, and Termination)”;

h. In section 6;

i. By revising the introductory text;

ii. In paragraph (b) by adding the phrase “grown on rootstock and trees” following the phrase “That is”; and

iii. By revising paragraph (f);

i. Revise section 7;

j. In section 8:

i. In paragraph (a) introductory text by removing the phrase “(Insurance Period)”;

ii. In paragraph (a)(1) by removing the space between the number “10” and the term “day” and adding a hyphen in its place and by adding the term “insured” directly preceding the phrase “crop or to determine the condition of the grove”;

iii. By revising paragraphs (a)(2)(i) and (iii); and

iv. In paragraph (b) introductory text by removing the phrase “(Insurance Period)”;

k. In section 9:

i. In paragraph (a) introductory text by removing the phrase “(Cause of Loss)”;

ii. In paragraph (a)(5) by removing the term “or” after the semicolon;

iii. In paragraph (a)(6) by removing the period at the end of the sentence and adding a semicolon in its place;

iv. By adding new paragraphs (a)(7) and (8); and

v. By revising paragraph (b);

l. In section 10:

i. By redesignating the introductory text, paragraph (a), and paragraph (b) as paragraphs (b) introductory text, (b)(1), and (b)(2) respectively;

ii. By adding a new paragraph (a);

iii. In the newly designated paragraph (b) introductory text by removing the phrase “(Duties in the Event of Damage or Loss)”; and

iv. By revising the newly designated paragraph (b)(2);

m. In section 11:

i. In paragraph (b)(1) by removing the phrase “crop, or variety if applicable,” and adding the term “commodity type” in its place;

ii. In paragraph (b)(2) by removing the phrase “crop, or variety, if applicable” and adding the phrase “commodity type” in its place;

iii. In paragraph (b)(4) by removing the phrase “variety, if applicable” and adding the phrase “commodity type” in its place;

iv. In paragraph (c)(1)(iv) by removing the term “crop” in all three places it appears and adding the term “insured crop” in its place; and

v. By revising paragraph (f).

The revisions and additions read as follows:

§ 457.121 Arizona-California citrus crop insurance provisions.

* * * * *

1. * * *

Carton. The standard container for marketing the fresh packed citrus fruit commodity, as shown below, unless otherwise provided in the Special Provisions. In the absence of marketing records on a carton basis, production will be converted to cartons on the basis of the following average net pounds of packed fruit in a standard packed carton, unless otherwise provided in the Special Provisions.

<u>Container Size</u>	<u>Citrus Fruit Commodity</u>	<u>Pounds</u>
Container #58	Oranges	38
Container #58	Lemons	40
Container #59	Grapefruit	32
Container #63	Mandarins/Tangerines	25
Container #63	Tangelos	25

Citrus fruit commodity. Citrus fruit as follows:

- (1) Oranges;
- (2) Lemons;
- (3) Grapefruit;
- (4) Mandarins/Tangerines;
- (5) Tangelos; and
- (6) Any other citrus fruit commodity designated in the actuarial documents.

Citrus fruit group. A designation in the Special Provisions used to identify commodity types within a citrus fruit commodity that may be grouped together for the purposes of electing coverage levels and identifying the insured crop.

Commodity type. A specific subgroup of a citrus fruit commodity having a characteristic or set of characteristics distinguishable from other subgroups of the same citrus fruit commodity.

* * * * *

Graft. To unite a bud or scion with a rootstock or interstock in accordance with recommended practices to form a living union.

* * * * *

Interstock. The area of the tree that is grafted to the rootstock.

Rootstock. The root and stem portion of a tree to which a scion can be grafted.

* * * * *

Scion. A detached living portion of a plant joined to a rootstock or interstock in grafting.

* * * * *

Topwork. Grafting a scion onto a pruned scaffold limb.

2. Unit Division

(a) Basic units will be established in accordance with section 1 of the Basic Provisions.

(b) Provisions in the Basic Provisions that allow optional units by section, section equivalent, or FSA farm serial number and by irrigated and non-irrigated practices are not applicable.

Unless otherwise allowed by written agreement, optional units may only be established if each optional unit meets one or more of the following:

(1) The optional unit is located on non-contiguous land; and

(2) In addition to or instead of establishing optional units by non-contiguous land, optional units may be established by commodity type if allowed by the Special Provisions.

3. * * *

(a) In addition to the requirements of section 3 of the Basic Provisions, you may select only one price election and coverage level for each citrus fruit group you elect to insure. The price election you choose for each citrus fruit group need not bear the same percentage relationship to the maximum price offered by us for each citrus fruit group. For example, if you choose one

hundred percent (100%) of the maximum price election for the citrus fruit group for Valencia oranges, you may choose seventy-five percent (75%) of the maximum price election for the citrus fruit group for Navel oranges. However, if separate price elections are available by commodity type within each citrus fruit group, the price elections you choose for each commodity type must have the same percentage relationship to the maximum price offered by us for each commodity type within the citrus fruit group.

* * * * *

(d) We will reduce the yield used to establish your production guarantee as necessary, based on our estimate of the effect of any situation listed in section 3(c) that may occur. If you fail to notify us of any situation in section 3(c), we will reduce your production guarantee as necessary, at any time we become aware of the circumstance. If the situation in 3(c) occurred:

(1) Before the beginning of the insurance period, the yield used to establish your production guarantee will be reduced for the current crop year regardless of whether the situation was due to an insured or uninsured cause of loss;

(2) After the beginning of the insurance period and you notify us by the production reporting date, the yield used to establish your production guarantee will be reduced for the current crop year only if the potential reduction in the yield used to establish your production guarantee is due to an uninsured cause of loss; or

(3) After the beginning of the insurance period and you fail to notify us by the production reporting date, an amount equal to the reduction in the yield will be added to the production to count calculated in section 11(c) due to uninsured causes. We may reduce the yield used to establish your production guarantee for the subsequent crop year to reflect any reduction in the productive capacity of the trees.

* * * * *

6. * * *

In accordance with section 8 of the Basic Provisions, the insured crop will be all the acreage in the county of each citrus fruit group you elect to insure and for which a premium rate is provided by the actuarial documents:

* * * * *

(f) That, unless otherwise provided in the Special Provisions or if we inspect and approve a written agreement to insure such acreage, is grown on trees that have reached at least:

(1) The sixth growing season after being set out; or

(2) The fifth growing season after topwork or grafting, if topwork or grafting occurs after set out.

7. Insurable Acreage

In lieu of the provisions in section 9 of the Basic Provisions that prohibit insurance attaching to interplanted acreage, citrus interplanted with another perennial agricultural commodity is insurable unless we inspect the acreage and determine it does not meet the requirements contained in your policy.

8. * * *

(a) * * *

(2) * * *

(i) August 31 for:

(A) Navel oranges; and

(B) Lemons in the Southern California counties of Imperial, Orange, Riverside, San Bernardino, San Diego, and Ventura;

* * * * *

(iii) July 31 for lemons in all other counties and for all other citrus fruit commodities.

* * * * *

9. * * *

(a) * * *

(7) Insects, but not damage due to insufficient or improper application of pest control measures; or

(8) Plant disease, but not damage due to insufficient or improper application of disease control measures.

(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss of production due to the inability to market the citrus for any reason other than actual physical damage from an insurable cause of loss specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

10. * * *

(a) In accordance with the requirements of section 14 of the Basic Provisions, you must leave representative samples. In lieu of section 14(c)(3) of the Basic Provisions, we will determine which trees must remain unharvested as your representative sample so that we may inspect them in accordance with procedures.

(b) * * *

(2) If you intend to claim an indemnity on any unit, you must notify us at least 15 days prior to the beginning of harvest or immediately if damage is discovered during harvest so that we may have an opportunity to inspect unharvested trees. You must not sell or dispose of the damaged insured crop until after we have given you written consent to do so. If you fail to meet the requirements of this section, all such production will be considered undamaged and included as production to count.

* * * * *

11. * * *

(f) If you elect the frost protection option and we determine that frost protection equipment, as specified in the Special Provisions, was not properly utilized or not properly reported, the indemnity for the unit will be reduced by the percentage of premium reduction allowed for frost protection equipment. You must, at our request, provide us records showing the start-stop times by date for each period the frost protection equipment was used.

* * * * *

Signed in Washington, D.C., on July 25, 2013.

Brandon Willis
Manager
Federal Crop Insurance Corporation

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